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SUBJECT: CODEL FRANK ON-POINT WITH GOVERNMENT OF CAPE VERDE

11. Summary: During two one-day visits during the week of March 24, Congressman Barney Frank and seven accompanying Members of Congress met with local and senior officials, conveying continued USG interest in and support for Cape Verde. Despite unfortunate Sunday afternoon timing, the GOCV scheduled meetings that included the President of Parliament, the President of the Republic, and the Prime Minister. Far from mere courtesy calls, all the senior officials granted extended meetings and broached sensitive topics of concern in the bilateral relationship, notably how to guarantee successful completion of the MCC program in Cape Verde, how to deal constructively with the effects of increased criminal deportees from the United States, and how to improve maritime security. Following a rapid succession of senior USG official visits, including a Codel led by Senator James Inhofe, a CoDel led by Representative Patrick Kennedy, and the recent visit of AUSTR Florie Liser, this visit confirmed for the GOCV the durable USG interest in our bilateral relationship. End Summary.

12. One of the largest Congressional delegations in recent memory to visit Cape Verde arrived on April 24, consisting of eight Members of Congress led by Congressman Barney Frank. During this first of two programmed visits that week, the delegation visited the windward island of Sal, where they called on the Mayor and visited an Africa Development Foundation Project. The Mayor of Sal Island, Dr. Jorge Eduardo Figueiredo, stressed to the delegation how tourism has spurred economic development of the island and his long-term plans for managed growth. If reelected in this spring's parliamentary elections, Figueiredo plans to continue with his action plan, most notably to improve health services on the island and expand a local program that provides home-buying assistance for the poorest citizens of the island. Congressman Frank noted the importance of passing tourism revenues on to the citizens of the island, and not remaining only in the hands of foreign resort owners.

13. Following this insightful conversation, the Mayor escorted the delegation on a visit to an USG-sponsored Africa Development Foundation Hydroponics Project. The project was started with USD 248,000 in USG financial assistance, with a view towards diversifying agricultural production away from traditional corn and sugar cane, and towards higher value-added vegetable crops. These crops, including tomatoes, lettuce, green beans, and bell peppers are now being sold to the many tourist resorts located on the southern tip of Sal Island where they cater to a largely European (British and Italian) market. The delegation was impressed with the efficient use of resources, particularly water, and with the economic push towards a more sustainable economy through diversification. (Note: Cape Verde currently imports an estimated 90 percent of its food needs, implying a large unsatisfied market for value added crops, not just for tourists but also for the local population. However, low purchasing power among ordinary Cape Verdeans, transportation challenges, scarce resources, and steep initial financing requirements have thus far impeded the market's development.

End note.)

¶4. Following visits to several other African countries, on April 30 CoDel Frank again visited Cape Verde, this time to the leeward island of Santiago, home to the capital city, Praia. In a clear demonstration of the importance the GOCV places on the Cape Verde - U.S. relationship, despite it being a Sunday afternoon the delegation was received by the President of Congress, the President of the Republic, and early Monday morning, by the Prime Minister.

¶5. Following a briefing from Ambassador, the Millennium Challenge Corporation (MCC), and the International Agriculture Fund (IFAD), the delegation went on to meet with Aristides Raimundo Lima, President of Parliament and Mario Gomes Fernandes, Member of Parliament. Lima is a member of the ruling PAICV party, while Fernandes is from the opposition MpD party, and their competitiveness was on display in this meeting, only six weeks before municipal elections in Cape Verde. During the meeting Lima raised topics including the pressure criminal deportees from the United States place on Cape Verde. Lacking any agency or standing capacity to absorb these deportees into society, he noted, they are largely left to their own devices. Many, with violent tendencies and a proven criminal inclination, go on to commit crimes in Cape Verde. The delegation was sympathetic to these challenges, and noted that there are cooperative arrangements in place between the U.S. Department of Homeland Security, local law enforcement in New England, and the government of the Azores that might serve as a useful model for GOCV engagement. The GOCV plans to attend a meeting on this program in the Azores in April 2008. (Note: Though the total volume of criminal deportees from the U.S. to Cape Verde is

quite low -- less than 50 persons per year -- the effect of inserting sometimes violent criminals into a very small society that is unprepared psychologically or legally to deal with them has proven to be quite disruptive. End note.)

¶6. Following this meeting, Congressman Frank and Parliamentary President Lima spoke to six television and print journalists about the purpose of the visit and about their conversation. Mr. Lima stressed the U.S. support to Cape Verde's development through the Millennium Challenge program. Congressman Frank described his strong connection to Cape Verde and his continued support for economic development of the country. The press praised Congressman Frank for his attention to the people of Cape Verde, and highlighted the recent visits of Congressmen Inhofe and Kennedy as further proof that Cape Verde is on the radar of leadership in the USG. The visit was the top story on the evening news, in two newspapers, and the evening national radio news broadcast.

¶7. The delegation also met with President of the Republic Pedro Pires, who was in an uncharacteristically expansive mood and spoke for nearly an hour. In addition to touching on immigration and deportation issues, Pires highlighted GOCV concerns about the Millennium Challenge Corporation compact with Cape Verde. That compact is somewhat behind schedule, owing to longer than anticipated start-up as both MCC and the GOCV were forced to learn by doing. (Note: Cape Verde was among the first countries in the world to receive an MCC compact, and has been a guinea-pig for many untested early MCC procedures. End note.) The program is now moving ahead smartly, but most experts estimate it will need an additional year beyond its programmed 2010 expiration date to complete its projects, especially the works upgrading the port of Praia. The other significant concern, also beyond the control of the GOCV, is the impact on the value of the compact of the continued sharp deterioration of the exchange rate. Because the compact is denominated in U.S. dollars, but disbursed in Cape Verdean escudos -- which are pegged to the Euro -- the real value of the compact has fallen by nearly 35 percent since it was originally negotiated. Consequently, portions of the program have had to be canceled, not because they are unworthy of funding, but merely because they were made unaffordable within the constraints of the compact. Delegation members took this information on board, and undertook to investigate both the potential for an extension of the duration of the compact and

additional funding, whether through MCC or another USG agency such as USAID. (Note: Congressman Patrick Kennedy made a similar commitment during his February visit. End note.) Pires also discussed cultural and educational exchanges, citing the recent visit of the replica of the slave ship Amistad and a budding relationship between the University of Cape Verde and several U.S. institutions, including Bridgewater State College in Massachusetts. Pires also pushed for increased sports exchanges, mentioning the U.S. influence, through Cape Verdean-American athletes, on Cape Verde's National basketball team.

¶8. Just prior to their March 31 departure, the delegation shared an early morning breakfast hosted by Prime Minister Jose Maria Neves, and also attended by the Minister of Defense. Neves knows Congressman Frank well, and the two quickly moved to talk of weighty issues including immigration and deportation, the Millennium Challenge compact with Cape Verde, Cape Verde's prospects for sustained economic growth, and USG engagement with the islands. Delegation members were favorably impressed with efforts to diversify the economy, but some questioned whether agriculture, even high value added crops, is a realistic long-term growth strategy. Neves pointed to tourism, as well as other services as other areas of interest for the GOCV. Neves spoke also about maritime security challenges and the threats of transnational crime, including narcotics trafficking. Congressman Frank undertook to investigate how the United States might be more helpful in this area. Congressman Watt inquired whether the lack of a legal agreement or framework was an impediment to increased cooperation in this area. Minister of Defense Fontes responded that the U.S. and Cape Verde are working on completing a Status of Forces Agreement (SOFA) but that their constitution requires parliamentary action rather than an agreement by exchange of Diplomatic Notes, which was causing a delay. They have similar agreements with Spain and Portugal, and are very willing to enter into an agreement with the United States as well.

¶9. Comment: This visit was terrifically valuable, both symbolically and substantively. Press coverage of such a large Congressional delegation visiting two different islands and meeting with both local actors and the most senior leadership

clearly conveyed the shared bilateral interests. Discussions were warm and informal, and broached a number of sensitive topics in a constructive manner. As a result of this visit, both governments have rededicated themselves to working towards resolution of serious issues including U.S. bilateral assistance, maritime security, and immigration and deportation concerns. End Comment.

¶10. The delegation was composed of:

Chairman Barney Frank (D-MA)  
Rep. Maxine Waters (D-CA)  
Ambassador Sidney Williams (Rep. Waters' spouse)  
Rep. Gregory Meeks (D-NY)  
Mrs. Simone-Marie Meeks  
Rep. Lacy Clay (D-MO)  
Mrs. Ivie Clay  
Rep. Kenny Marchant (R-TX)  
Rep. Gwen Moore (D-WI)  
Rep. Devin Nunes (R-CA)  
Rep. Mel Watt (D-NC)  
Mrs. Sandra Watt  
Jeanne Roslanowick, Staff Director, Financial Services Committee  
Daniel McGlinchey, Staff, Financial Services Committee  
Steven Adamske, Staff, Financial Services Committee  
Larry Lavender, Minority Staff, Financial Services Committee  
Justin Underwood, Minority Staff, Financial Services Committee  
Dr. Ramiro Gutierrez, House Attending Physician  
CAPT Joe McClain, Director House Liaison, Navy OLA  
LT Bill Wellman, Liaison Officer, Navy OLA  
LCDR Ron Valencia, Liaison Officer, Navy OLA

¶11. The delegation did not have the opportunity to clear this cable.

